



Office of Public Instruction
Linda McCulloch, Superintendent
PO Box 202501
Helena, MT 59620-2501

Basics of School Funding

by Denise Ulberg

Administrator, School Finance Division

This Powerpoint presentation is available on the OPI website at <http://www.opi.state.mt.us/schoolfinance/forms.html>.

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

School Finance Overview

1. Budgeted/Non-budgeted Funds

2. Funds:

- General Fund
- Special Revenue
- Debt Service
- Capital Projects



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Budgeted/Non-Budgeted Funds

1. Budgeted Funds

- District trustees adopt expenditure budget annually
- Revenue may include tax levies
- Examples:
 - General
 - Transportation
 - Retirement



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Budgeted Fund Statewide Totals

<u>Fund</u>	<u>FY08 Adopted Budgets</u>
General	\$ 910,824,498
Transportation	\$ 72,636,463
Bus Depreciation	\$ 42,743,123
Tuition	\$ 4,122,941
Retirement	\$ 119,457,450
Adult Education	\$ 10,458,738
Non-Operating (6 districts)	\$ 343,505
Technology	\$ 22,980,190
Flexibility	\$ 21,642,019
Debt Service	\$ 46,006,609
<u>Building Reserve</u>	<u>\$ 56,670,648</u>
Grand Total	\$ 1,307,886,184

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

General Fund

- Authorized by 20-9-308, MCA
- Purpose: To finance general maintenance and operational costs of a district not financed by other funds
- Budgeted Fund (Tax Levy)
- Funding Model
- Funding Sources



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Principles of Equalization

Basis for HB 667 (L.1993)

- Limit expenditure disparities to 25% from lowest to highest spending districts
- Recognize school district size and special education costs as educationally-relevant reasons for expenditure disparities

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

ANB = Average Number Belonging

FALL ENROLLMENT
(1st Monday in October)

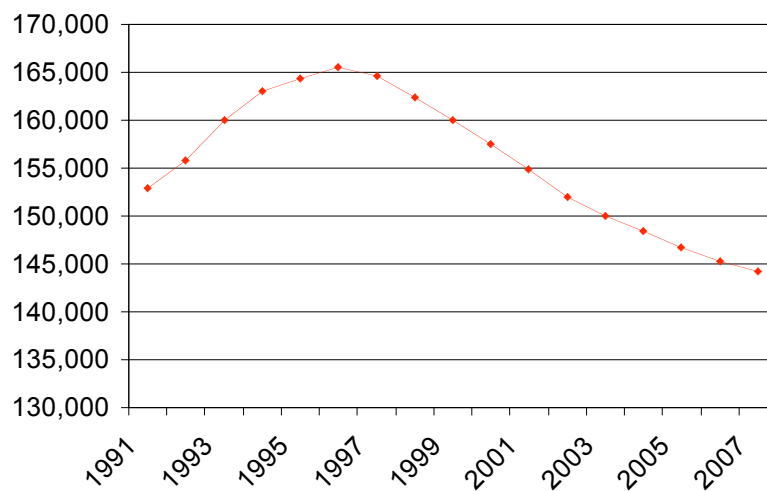
Adjusted for
part-time students

SPRING ENROLLMENT
(February 1)

Adjusted for
part-time students

Total of 2 counts
Divided by 2
Times $\frac{180 + \text{PIR Days}}{180} = \text{ANB}$

Statewide Enrollment 1991-2007



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Budget Elements

- Basic Entitlement
- Per-Student Entitlement
- State Special Education Payment
- Local Special Education Payment
- Quality Educator Payment
- At-Risk Student Payment
- Indian Education for All Payment
- American Indian Achievement Gap Payment

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Budget Elements (FY 08)

- \$\$ per District
 - Elementary \$ 21,290
 - Middle School \$ 60,275
 - High School \$ 236,552
- \$\$ per Student
 - Elementary
 - \$4,579 - \$0.20/ANB to 1,000 ANB
 - High School
 - \$5,861 - \$0.50/ANB to 800 ANB
- Special Education Block Grant
 - Instructional \$143.89/ANB
 - Related-Services \$ 47.96/ANB

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Budget Elements (FY 08)

- Quality Educator Payment
 - \$3,036 per licensed FTE
- At-Risk Student Payment
 - \$5M allocated based on Title I allocation
- Indian Education for All Payment
 - \$20.40 per ANB
- American Indian Achievement Gap Payment
 - \$200 per American Indian Student

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

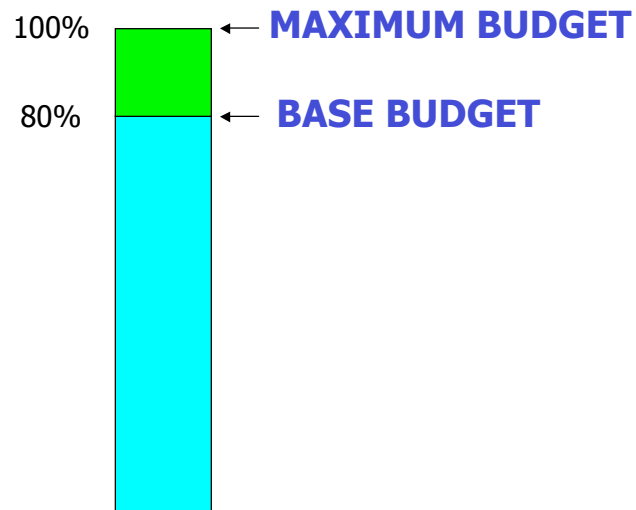
Budget Elements (FY 08)

- Basic Entitlement
- + Per-ANB Entitlement
 - + 200% Special Ed Per Student
 - + Quality Educator Payment
 - + At-Risk Student Payment
 - + Indian Education for All Payment
 - + American Indian Achmnt Gap Payment

MAXIMUM BUDGET (100%)

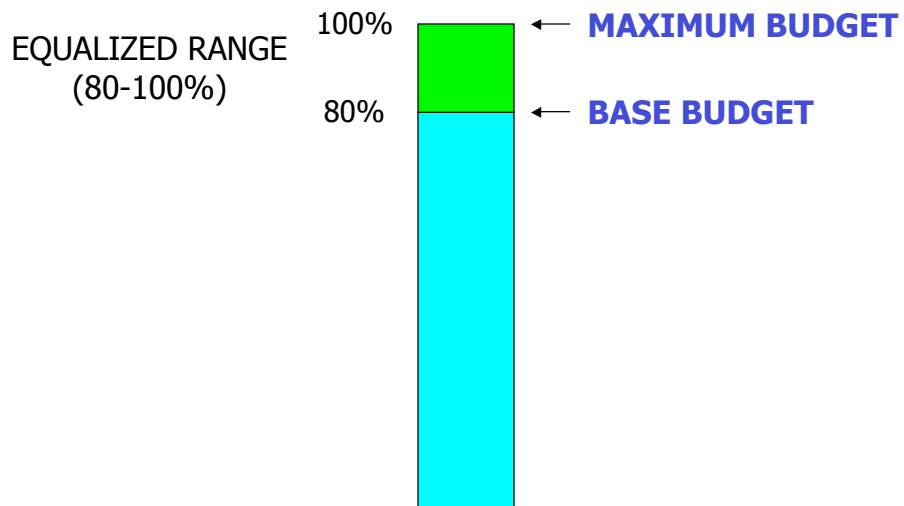
OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

General Fund Budget

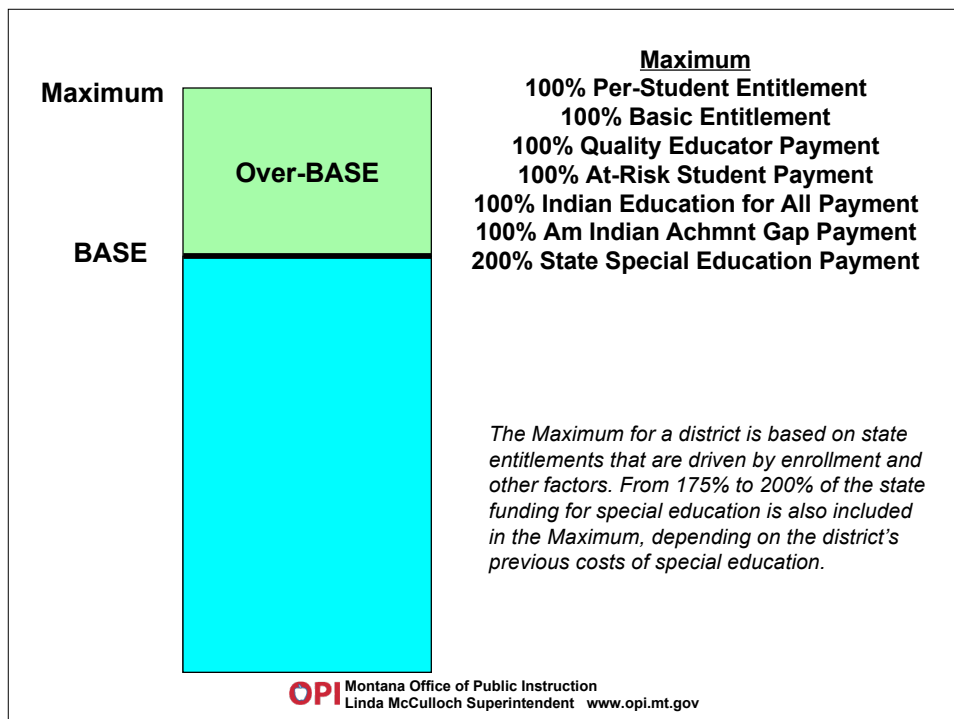
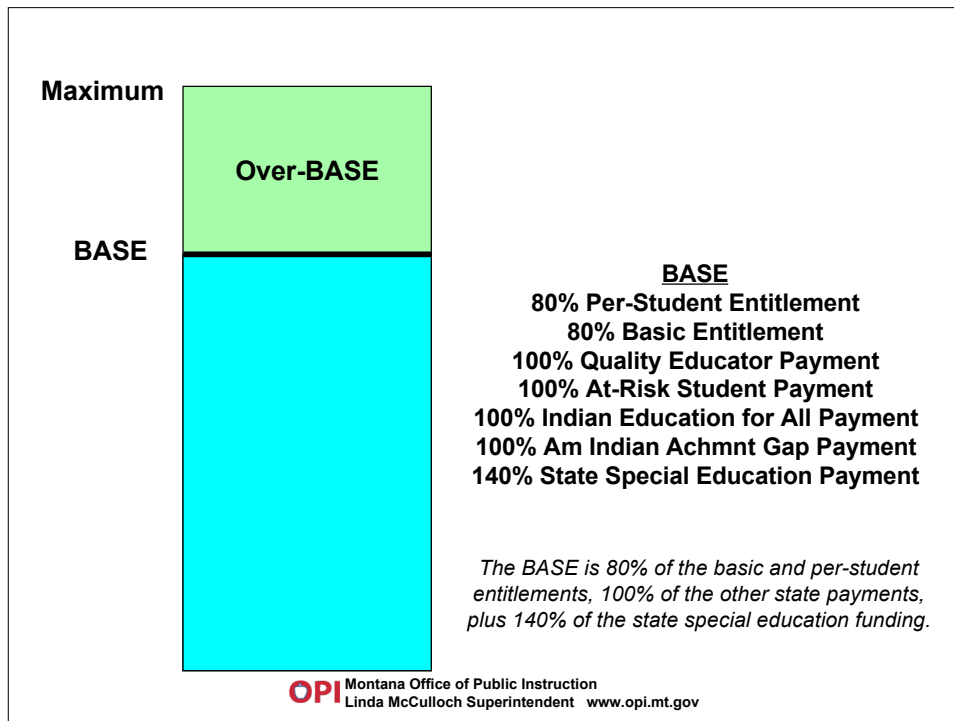


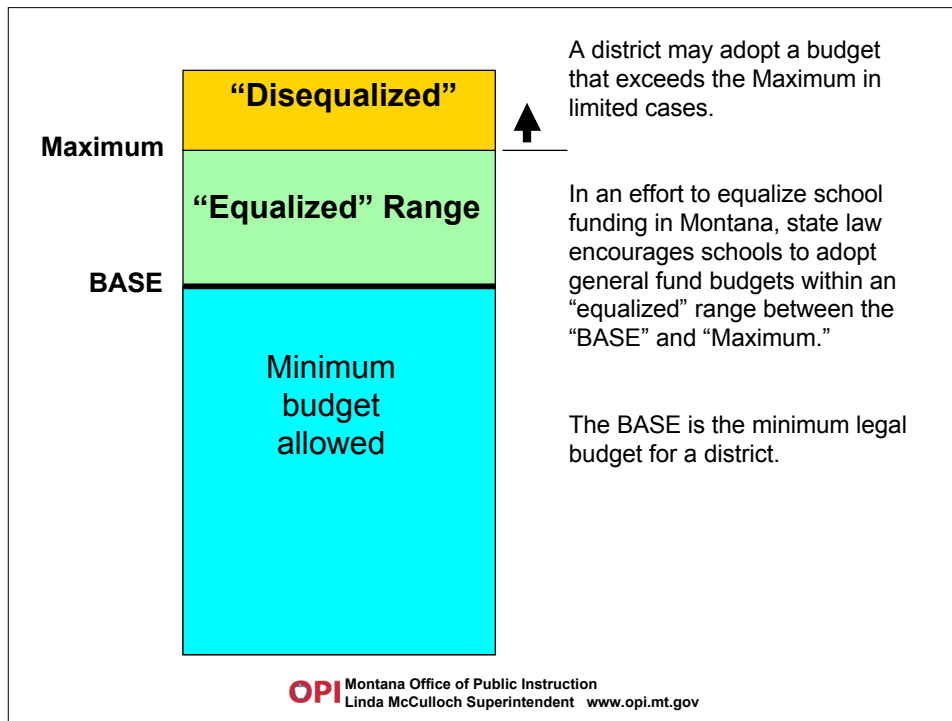
OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

General Fund Budget

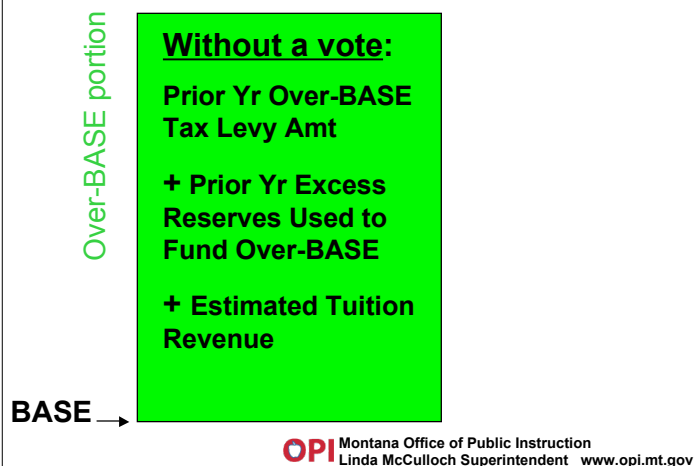


OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

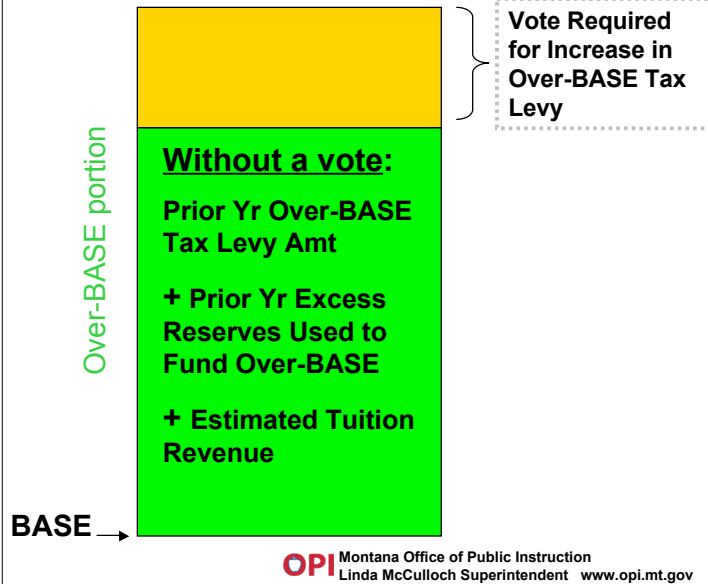




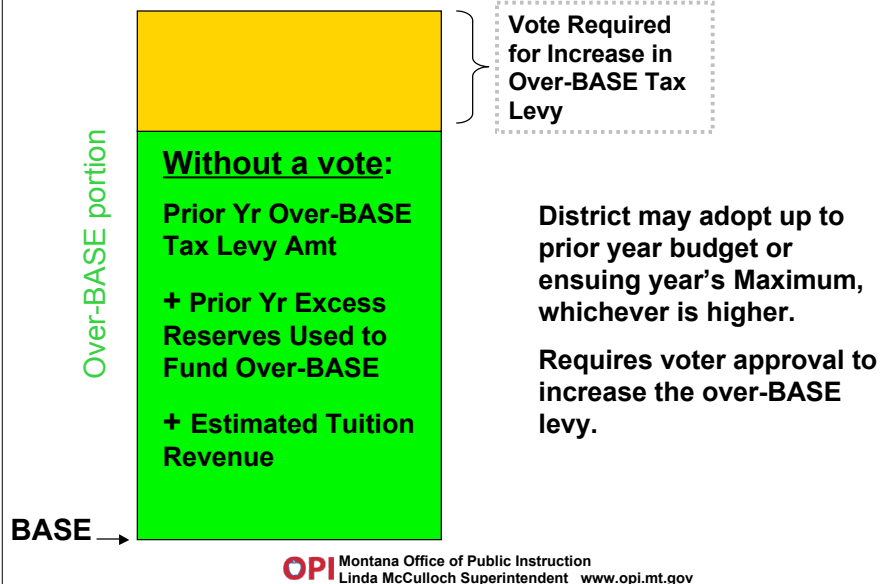
Highest Budget Without a Vote



Highest Budget With a Vote



Highest Budget With a Vote

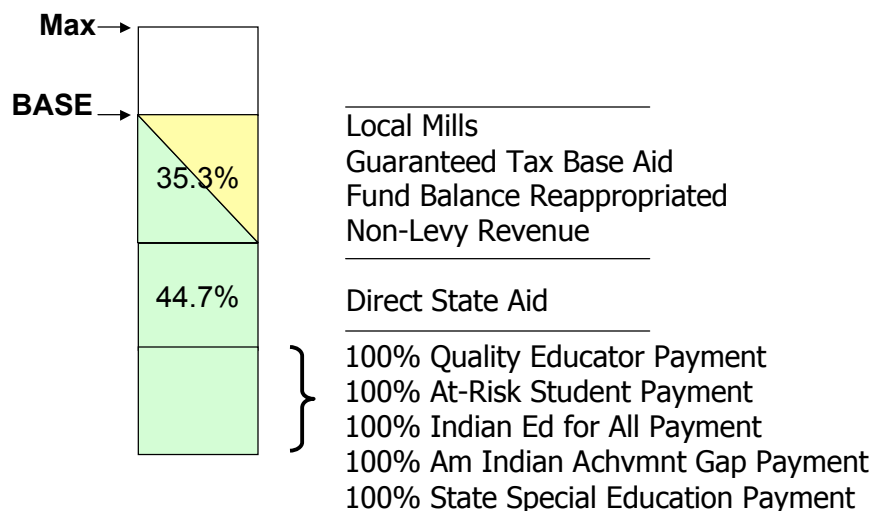


Trend since 2001 Number of Districts

Percent Group	2001	2002	2004	2005	2007	2008
Below Base	0	0	0	0	0	0
At Base	95	76	62	59	54	49
< 90%	96	92	57	46	48	49
90 to 97%	72	68	64	68	78	83
97 to Max	147	128	122	147	147	135
Over Max	38	80	133	116	98	105
Grand Total	448	444	438	436	425	421

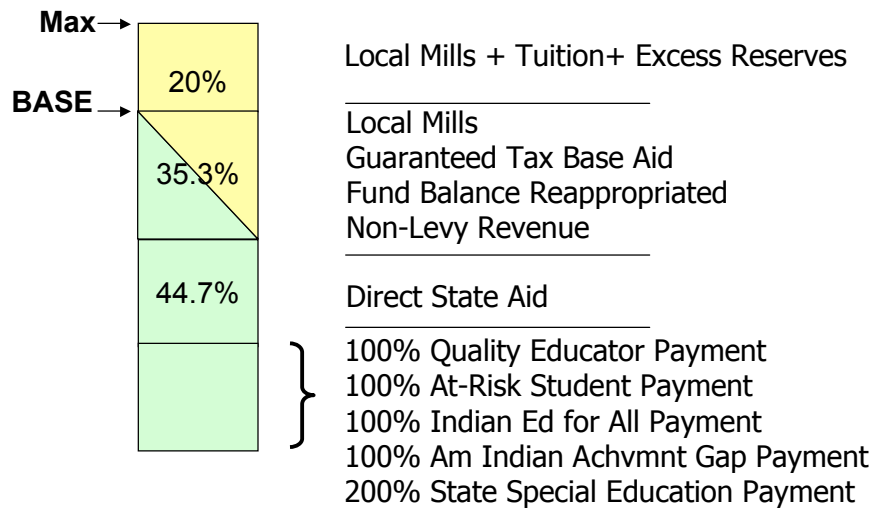
OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Funding the BASE Budget



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Funding the Maximum Budget



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

How Guaranteed Tax Base Works

- State Taxable Value \$1,914,714,158 (2006 tax year)
- State guarantees that for every dollar of the BASE budget that the district must fund locally, there will be \$20.83 of taxable valuation at the elementary level and \$32.26 at the high school level to fund that budget. (FY08)
- The GTB level is recalculated each year.

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Example: Havre Elementary

FY 08 GTB Ratio

Elementary districts: \$ 20.83

Havre Elementary

GTB Budget area: \$ 2,104,160

Taxable Valuation: \$ 15,555,431

Guaranteed Tax Base: \$ 45,795,966

FY08 GTB subsidy/mill: \$ 30,241

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Non-Levy Revenue:

- Schools must budget non-levy revenue
- Must include non-levy revenue BEFORE levying property taxes
- Examples of non-levy revenue include:
 - Investment earnings
 - State Reimbursements (for tax law changes)
 - Oil, gas and coal payments

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Non-Levy Revenue – Block Grants

<u>Block Grant Type</u>	<u>FY08 Amount</u>
General Fund School Block Grant	\$44,019,074
Transportation Fund School Block Grant	\$ 1,814,665
Combined Fund SBG (Discretionary Placement):	
General Fund:	\$ 122,967
Transportation Fund:	\$ 68,575
Bus Depreciation Fund:	\$ 111,175
Tuition Fund:	\$ 11,240
Adult Ed Fund:	\$ 195,588
Non-Operating Fund:	\$ 3,211
Technology Fund:	\$ 237,899
Flexibility Fund:	\$ 1,762,969
Debt Service Fund:	\$ 118,137
<u>Building Reserve Fund:</u>	<u>\$ 714,563</u>
<u>Total Combined Fund School Block Grant</u>	<u>\$ 3,346,325</u>

Grand Total

\$49,180,064

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

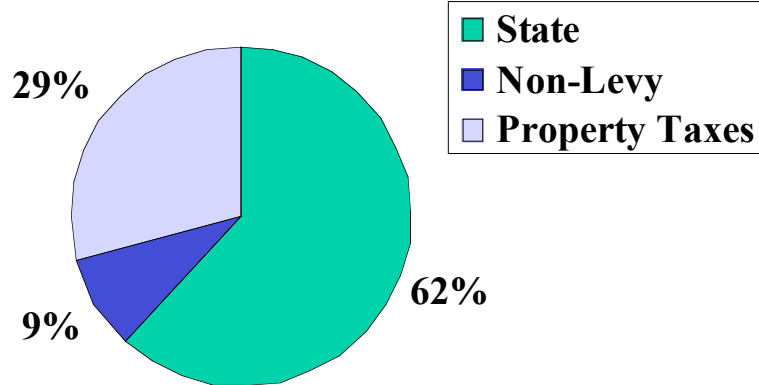
Fund Balance Reappropriated

- Determine the fund balance in the district's general fund as of June 30
- Set aside up to 10% for an operating reserve for the ensuing year
- Set aside "excess reserves" (as defined in 20-9-104, MCA)
- Remaining fund balance must be used to fund the budget for the ensuing year BEFORE property taxes may be levied

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

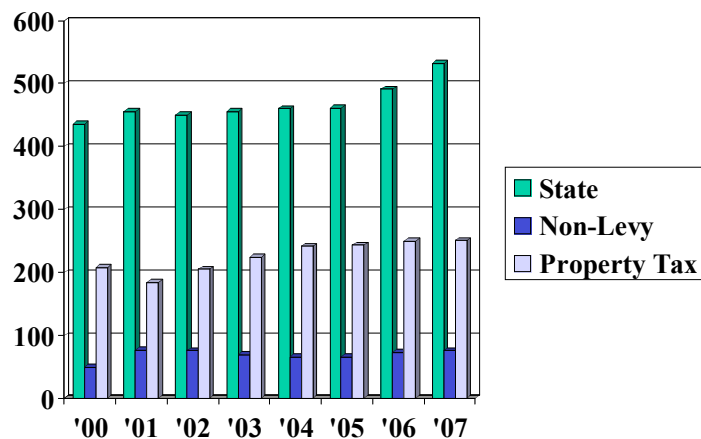
School General Fund Revenues

FY 2007



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

School General Fund Revenues



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Transportation Fund

For financing the maintenance and operation of district's school buses, private carrier contracts, and any amount necessary for the purchase, rental, or insurance of school buses or operation of the transportation program.



OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Pupil Transportation

- County transportation committee approves bus routes
- Each district calculates its transportation cost
- Budget needs given to County Supt.
- Total \$ needed is calculated
- Commissioners set county levy for 50% of on-schedule costs
- State pays remaining 50% of on-schedule costs
- District levies excess on district taxpayers
- Levy is made permissively (no vote)

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Retirement

- Funds school district cost of social security and medicare taxes, unemployment, and retirement
- Funded by permissive (no vote) countywide levy
- Each district calculates cost
- Budget needs given to County Supt.
- Total \$ needed is calculated
- Commissioners set county levy
- State guaranteed tax base supports mills

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

County Retirement Guaranteed Tax Base Aid

- County property tax levy is matched by state GTB aid
- Supported by guaranteed tax base
 - State mill value per ANB guarantee
 - Rich counties get nothing
 - Each EL mill raises \$23.79/ANB (FY08)
 - Each HS mill raises \$46.70/ANB (FY08)
- FY08 Co Retirement GTB: \$23,168,041

OPI Montana Office of Public Instruction
Linda McCulloch Superintendent www.opi.mt.gov

Other Special Revenue Funds

Budgeted:

- Bus Depreciation: Financing replacement buses
- Tuition: Costs of students who attend school outside their district
- Technology Fund: Purchase and maintain tech equipment and provide tech training
- Others

Other Special Revenue Funds

Non-Budgeted:

- Food Service: School food service operations
- Miscellaneous Programs: Local, state, and federal grants and reimbursements
- Others

Debt Service Funds

Debt Service Fund:

- Principal, interest on bonds and Special Improvement Districts (SIDs)
- Budgeted fund
- Voters approve original bond issue

School Facilities Payments

- Available to districts that have sold general obligation bonds
- Debt service mills are matched by state aid in low-wealth districts
- State support is capped
- EL mill value/ANB \$27.52 (FY08)
- HS mill value/ANB \$54.03 (FY08)
- \$10.51 million is appropriated (FY08)

Capital Projects Funds

Building Fund:

- Bond proceeds
- Insurance proceeds, federal funds, and property sold by district for building and construction projects
- Non-budgeted fund

Building Reserve Fund:

- Voter-approved building or construction projects
- Budgeted Fund